

GCFO'S REVIEW



As we advance our Digital Powerhouse aspiration, our financial priorities remain focused on sustaining resilient revenue growth, protecting earnings quality, preserving balance sheet strength and ensuring disciplined capital allocation. At the same time, we continue integrating sustainability considerations directly into capital planning and financial governance.

AHMAD FAIRUS RAHIM

Group Chief Financial Officer (GCFO)

Q What were TM's key financial highlights in FY2025?

A In 2025, TM delivered resilient financial performance despite operating in a competitive environment. We delivered topline growth and strengthened momentum across all business segments, particularly in the second half and exited the year on firmer footing.

Group revenue increased by 1.4% year-on-year to RM11.9 billion. The growth was supported by stronger contributions from Carrier-to-Carrier (C2C), which benefited from increased international capacity demand and the mobile fibre backhaul; a steady increase in the B2C fixed customer base, which surpassed 3.2 million subscribers and improved traction in Business-to-Business (B2B), driven by growth in smart services, cloud, cybersecurity and Information and Communications Technology (ICT). Reported Earnings Before Interest and Tax (EBIT) stood at RM2.0 billion and Profit After Tax and Minority Interests (PATAMI) amounted to RM1.7 billion.

The moderation in reported earnings was primarily due to the *Prihatin* initiative undertaken during the year following voluntary separation requests from employees, foreign exchange movement and non-recurring items. This reflects the resilience of our core operating performance, with stronger second-half momentum providing a clearer indication of our earnings trajectory.

Supported by healthy cash flow generation, the Board declared a total dividend of 31.0 sen per share, comprising 27.0 sen interim dividend and a 4.0 sen special dividend, bringing the total dividend payout to 69% of reported PATAMI, in line with our commitment to sustainable shareholder returns.

TM's share price performance also reflected improved market confidence, closing the year at RM8.05, underscoring market recognition of our strong fundamentals and clear growth prospects.

Q What were the key cost and operational drivers that shaped the FY2025 results?

A Financial discipline remained central to our operating approach. In 2025, we continued balancing growth investments with prudent cost management, ensuring operational efficiency supported long-term growth and value creation.

The full-year 2025 cost-to-revenue profile reflected deliberate operational choices as we continued investing to support business growth while maintaining cost discipline.

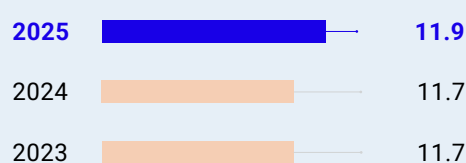
Direct costs increased in line with revenue-generating activities, reflecting subscriber-related investments and higher mobile-related costs to support convergence initiatives. The increase also included international outpayments aligned with growth in our C2C business. These cost movements were strategic in nature and revenue-accretive.

Manpower costs increased, reflecting the *Prihatin* initiative undertaken during the year. While this resulted in one-off impacts to reported earnings in 2025, it underscores our commitment to caring for our people, in line with the social pillar of our sustainability framework, while progressively aligning the organisation with the capabilities required for a more digital and future-ready TM.

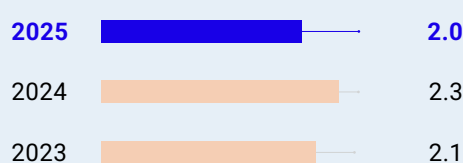
Operational costs declined, driven by lower professional fees and impairment reversals, reflecting improved collections and credit quality. Meanwhile, depreciation and amortisation increased in line with higher planned asset capitalisation compared to 2024.

Overall, TM's structurally strong operations continued to support resilient margins despite operating in a competitive environment.

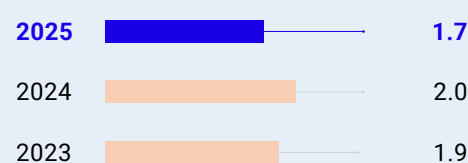
Revenue (RM billion)



EBIT (RM billion)

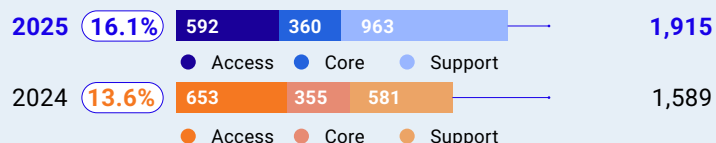


PATAMI (RM billion)



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Group Capital Expenditure (RM million) CAPEX/revenue (%)



Q How resilient is TM's cash flow and balance sheet position?

A The Group maintained a healthy financial position despite a more investment-intensive year. Cash and cash equivalents stood at RM2.5 billion at year-end. Free cash flow amounted to RM1.6 billion, reflecting increased CAPEX investment during the year, coupled with moderation in operating cash flows and scheduled borrowing repayments.

Despite these factors, operating cash flow generation remained healthy, providing capacity to support shareholder distributions and future growth initiatives. Our recurring revenue base continued to underpin stable cash generation.

Return on Invested Capital (ROIC) moderated primarily due to the impact of the *Prihatin* initiative. Despite this, ROIC continued to exceed the Weighted Average Cost of Capital (WACC), indicating ongoing value creation. Importantly, after normalising non-recurring items during the year, ROIC improved compared with 2024, reflecting sustained value creation.

Overall, our balance sheet remained strong, providing sufficient headroom for future investments while maintaining our dividend commitments. This positions the Group to fund future growth while maintaining a balanced financial profile.

TM maintained strong credit ratings of AAA from RAM Rating Services, A3 from Moody's Ratings and A- from S&P Global Ratings, underscoring our disciplined financial management, resilient cash flow profile and prudent capital structure. These ratings reinforce investor confidence and position the Group well to support future growth initiatives.

Q How did TM approach capital allocation and investment in FY2025?

A Our capital investments in 2025 were strategically aligned with our growth priorities, balancing disciplined capital management with targeted investments to support long-term value creation. Group capital expenditure (CAPEX) amounted to RM1.9 billion, representing 16.1% of revenue.

In terms of allocation, approximately 31% of CAPEX was directed towards fibre network expansion and connectivity infrastructure, 19% towards network modernisation and 50% towards digital enhancements to strengthen scalable platforms supporting future growth. These investments helped sustain rising data demand, enhanced network reliability and improved customer experience across segments.

Overall, CAPEX intensity remained within guidance despite a 21% year-on-year uplift, reflecting execution cadence on selective strategic investments, including the completion of data centre expansions and submarine cable projects, alongside continued investments to strengthen the Group's digital infrastructure capabilities.

Through this approach, capital allocation continued to prioritise value-accretive opportunities while maintaining sufficient investment to sustain and strengthen our core infrastructure, positioning the Group to capture future digital and connectivity demand.

RAM Rating Services

AAA

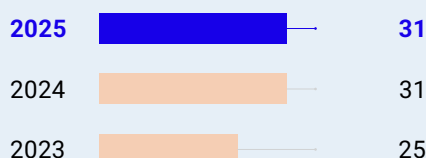
S&P Global Ratings

A-
(Standalone Credit Profile "a")

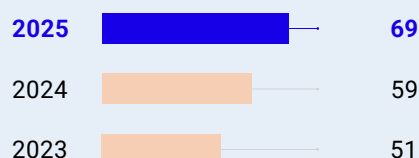
Moody's Ratings

A3
(Baseline Credit Assessment of baa1)

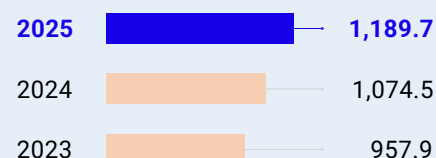
Dividend Per Share (sen)



Dividend Payout Ratio (%)



Total Dividend Amount (RM million)



Q How is sustainability integrated into TM's financial stewardship and capital allocation approach?

A Beyond financial performance, we continued to embed sustainability into the way we allocate capital and manage operations, ensuring that growth remained resilient and sustainable over the long term.

We invested approximately RM22.6 million in training initiatives encompassing digital upskilling, leadership readiness and employee well-being. These investments strengthen organisational productivity, support talent mobility and reinforce a workforce aligned with TM's digital growth ambitions.

Environmental stewardship also remained integral to our infrastructure expansion strategy. During the year, we committed approximately RM3.4 million towards energy optimisation and renewable initiatives across network, facilities and data centre operations. These measures contributed to estimated energy cost savings of RM7.1 million. As digital infrastructure expands, disciplined energy management is increasingly important in managing operating costs and improving long-term operational efficiency.

Q FY2025 marks an important milestone in TM's sustainability disclosure journey with the adoption of IFRS S1 and IFRS S2. How is the Group strengthening ESG governance and financial oversight?

A Building on the integration of sustainability into our operational and capital allocation decisions, we are also strengthening governance and disclosure through the adoption of IFRS S1 and IFRS S2 under Malaysia's National Sustainability Reporting Framework.

These standards enhance transparency by linking sustainability-related risks and opportunities with financial oversight and enterprise value. Climate-related considerations are progressively incorporated into financial planning, risk management and investment evaluation to support more informed long-term decision-making.

The three-year transition relief allows TM to implement these requirements in a structured and phased manner. During this period, the Group will continue strengthening reporting systems, governance processes and data architecture while maintaining baseline disclosures, including Scope 1 and Scope 2 emissions.

Through this approach, we aim to strengthen transparency and ensure that sustainability considerations are systematically integrated into financial governance and long-term value creation.

Q What is TM's financial outlook for 2026?

A We have announced our 2026 market guidance, projecting a low single-digit revenue increase, EBIT at a similar level to 2025 and CAPEX intensity of between 18% and 20% of revenue. This reflects continued investment in digital infrastructure, including fibre network, data centre expansion and digital solutions, while maintaining disciplined financial management.

As we advance our Digital Powerhouse aspiration, our financial priorities remain focused on sustaining resilient revenue growth, protecting earnings quality, preserving balance sheet strength and ensuring disciplined capital allocation. At the same time, we continue integrating sustainability considerations directly into capital planning and financial governance.

By embedding responsible financing, prudent investment and transparent reporting into our financial strategy, we reinforce the foundation for long-term value creation for shareholders and other stakeholders alike.



TM delivered FY2025 results within market guidance, reflecting disciplined execution across revenue, profitability and CAPEX.